Juniper

Internal Scrutiny Annual Report
2022-23

Michaela Community School

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Executive Summary

Reviews undertaken:	Review provided by:	**Overall Opinion: Good**
Financial Control: Jan 2023 Financial Control: April 2023 Financial Control July 2023	Juniper Education Juniper Education Juniper Education	

Total number of recommendations: 12	
High Priority	1
Medium Priority	3
Low Priority	8

This report provides assurance that adequate controls are being operated within the trust, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2022-23 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

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Overall Opinion Criteria

Good	There is a sound system of internal control designed to manage risks. Many recommendations are of low-risk rating.
Satisfactory	There is generally a sound system of internal control processes, however there are a higher level of medium priority risks than low priority risks identified.
Requires Improvement	There are significant weaknesses in key areas in the systems of control, and a high number of high-risk recommendations have been identified in each review completed.
Poor	Many risks identified are of a high-risk nature, and there are significant process failings.

Introduction

The Academy trust handbook section 3.1 specifies “all academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively”. Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Report demonstrates how the trust meets the Academy trust handbook 2022 internal scrutiny requirements.

Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.

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Scope

The relevant board, informed by its risk register approved the below scope of work:

Governance Framework - Review 1of2
Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information.
Financial Oversight & Appointments
Related Party Transactions - Register of Interests
Related Party Transactions - Declaration of Interest Forms
Related Party Transactions - Conflicts of Interest
Related Party Transactions - Reporting
Transparency - Publication
Transparency - GIAS
Suitability of members
Gifts
Risk
Business Continuity
Internal Scrutiny - Audit and Risk Committee
Whistleblowing
Unresolved Issues
Data protection

Banking
Review to establish the effectiveness of the controls and processes for banking and BACS transactions.
Bank Account Structure
Authorised Signatories
BACS
Bank Reconciliation
Sample testing of bank reconciliations
Cheque payments
Unresolved Issues

Governance Framework - Review 2of2
Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information.
Internal Scrutiny
Publication
Unresolved Issues

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Financial Governance
Internal controls and processes in place for Reporting, Scheme of Delegation and Financial Planning and Monitoring.
Scheme of Delegation
Financial Scrutiny
Financial Planning
Expenses
Budget Monitoring
Reporting to trustees
Control Account Reconciliations
Bad Debts
VAT
Key Performance Indicators
Unresolved issues

Income
Review to determine the controls and process in place for income and, if applicable, testing to determine the effectiveness of the controls.
Breakfast / Afterschool Club
Meals
Trips and activities
Cash Income
Online income
Centralised MATS
Unresolved issues

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Procurement
Review to establish the effectiveness of controls and processes for all areas of procurement.
Related party transactions
Purchase card
Quotations
Tenders
Authorisation levels
Expenditure sample testing
Value for Money
Unresolved issues

Payroll
Review to determine the appropriateness and effectiveness of the controls and processes in place, around administration, approval, and segregation of duties in all areas of payroll processing.
Payroll process
Segregation of duties
Financial regulations
Sample testing
Mileage and subsistence
Additional hours
Special payments
Unresolved issues

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Individual recommendations priority key:

A system of grading internal scrutiny findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:

High Priority	Issues where there is a risk of significant financial impact on the trust that must be addressed immediately by the academy trust
Medium Priority	Issues where there is a risk of moderate financial impact on the trust, such as a control failure or the absence of a control in an area of moderate risk. These should be addressed soon.
Low Priority	Issues that relate to minor control deficiencies or enhancements in control efficiency. These should be addressed within an agreed timescale.

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Summary of Findings

RAG	Finding	Recommendation	
Governance Framework 1of2			
High Priority	It was advised that the academy's management of risks does not include contingency and business continuity planning. This issue was also raised as high priority last year's report.	Section 2.39 of the Academy trust handbook states that the academy's management of risks must include contingency and business continuity planning. The academy should have an appropriate documented plan in place that sets out the contingency arrangements that would enable the academy to cope in an emergency situation. The plan should be formally reviewed, annually is recommended. Section 4.16 of the Academy trust handbook states that the board of trustees, taking advice from the audit and risk committee, must ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control.	
Management Response:		*Responsibility / Due Date:*	

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RAG	Finding	Recommendation	
Governance Framework 2of2			
Low Priority	It could not be evidenced that the approval of the Juniper Education Scope of Work (undertaken during this financial year ending August 2022) had been formally recorded in the minutes of an appropriate committee meeting.	Section 3.8 of the Academy trust handbook states: 'The audit and risk committee must oversee and approve the trust's programme of internal scrutiny…' Evidence of approval should be formally recorded in the minutes of an appropriate committee meeting.	
Management Response:		*Responsibility / Due Date:*	
Banking			
Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.			

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RAG	Finding	Recommendation	
Financial Governance			
Medium Priority	The academy does not have a separate Finance Committee.	Section 2.5 of the Academy trust handbook specifies that the academy should have a Finance Committee (or equivalent) to which the board delegates responsibility for financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern. This should include good financial management and effective internal controls.	
Management Response:		*Responsibility / Due Date:*	
Low Priority	It was advised that the 3-year plan had been reviewed and approved by the board of trustees, however this could not be evidenced in the meeting minutes reviewed.	Section 2.16 of the Academy trust handbook, states that the 3-year budget forecast return must be approved by the board of trustees. Evidence of approval should be recorded in the minutes of a meeting.	
Management Response:		*Responsibility / Due Date:*	

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RAG	Finding	Recommendation	
Low Priority	At the time of the review it could not be evidenced that month 3 management accounts were presented to the Chair of Trustees. An appropriate process was evidenced for the remaining sample reviewed.	Section 2.19 of the Academy trust handbook states that the management accounts must be shared with the Chair of Trustees every month.	
Management Response:		*Responsibility / Due Date:*	
Low Priority	It was advised KPI's are calculated annually.	Section 2.22 of the Academy trust handbook specifies that the academy **must** select key financial performance indicators and measure its performance against them <u>regularly.</u> It is Juniper Education's recommendation that that KPIs are reviewed <u>termly</u>.	
Management Response:		*Responsibility / Due Date:*	

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RAG	Finding	Recommendation	
Income			
Low Priority	The process to monitor trip income and expenditure could not be verified at the time of the review.	A summary of income and expenditure should be prepared at the close of each trip to determine if the actual net cost/profit was consistent with that predicted by the trip organiser when seeking approval for the trip to take place. this income and expenditure summary should be signed as reviewed and approved by an appropriate delegated authority.	
Management Response:		*Responsibility / Due Date:*	
Procurement			
Low Priority	The purchase card expenditure / statements reviewed for the Headteacher had not been signed by the relevant approver.	It is recommended that the purchase card expenditure / statements are reviewed and approved by the specified authority to ensure that all payments made are appropriately approved and to confirm goods and services received are to the required standard and in accordance with the purchase order.	
Management Response:		*Responsibility / Due Date:*	

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RAG	Finding	Recommendation	
Medium Priority	Competitive quotations had not been obtained for the following: • Tableform Ltd for £11,772.50 • CCTV installation for £8,078.00 • Air Conditioning Work for £46,620	The academy's Finance Policy and Regulations specify that: • 2 quotations from preferred suppliers must be obtained for orders with a value between £5,000 - £15,000 • 3 written quotations must be obtained for orders with a value between £15000 to OJEU Threshold.' This policy should be adhered to. If there is a valid reason for not obtaining competitive quotations then a file note explaining this should be attached to the purchase order and the reason recorded in the minutes of a relevant board meeting.	
Management Response:		Responsibility / Due Date:	

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RAG	Finding	Recommendation	
Medium Priority	The sample highlighted nine non-order invoices.	The Finance Policy and Regulations Section 8.1 states: 'Requests for goods or services are made to the Finance Assistant who raises a purchase order on Sage and places the order.' Orders should be raised on the financial accounting system to allow the authorising signatory to review and approve the expenditure prior to an invoice being received for goods or services supplied. Raising an order is also the means by which the funds required for goods/services are committed on the financial accounting system, helping to avoid over committing budgeted expenditure and ensuring that reports generated from the financial system reflect an accurate financial position.	
Management Response:		Responsibility / Due Date:	

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RAG	Finding	Recommendation	
Payroll			
Low Priority	The policies reviewed did not document the following procedures / who is responsible completing for them: • who maintains personnel files • who is responsible for completing pre-employment checks • the requirement to conduct an independent review of the payroll • the requirement to select one employee at random each month to check the calculation of gross to net pay to ensure that the payroll system is operating correctly • that, on an annual basis, a nominated person completes a check for each member of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel file	It is recommended that trustees consider including this information in the relevant policies.	
Management Response:		*Responsibility / Due Date:*	
Low Priority	It could not be evidenced that the Pay Policy was approved in the last 12 months.	It is recommended that the Pay Policy is approved on an annual basis	
Management Response:		Responsibility / Due Date:	

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EMERGING ISSUES

Acquiring and Converting a New School

An education whitepaper published in March 2022, set out the Government's ambition for all schools to be part of a multi-academy trust by 2030. Trusts will be looking to acquire further schools. Juniper can help with the due diligence for this process. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Wellbeing

It has been reported that staff stress levels are high, leading to many staff leaving the education sector altogether. Mitigating the impact of stress in the workforce should be implemented into everyday trust life by use of a wellbeing charter and strategies and structures that are put in place. Juniper can assess the general wellbeing of staff and provide suitable recommendations to help improve staff wellbeing and staff retention. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Cyber Security

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 governance update advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the National Cyber Security Centre website.

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school. Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact carly.quickcrockford@junipereducation.org

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USEFUL LINKS

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2022 is effective from September 2022. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

ATH 2022 (publishing.service.gov.uk)

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)

Bespoke Reviews

If our portfolio of reviews does not include a particular area of interest or risk identified by the trust board, please contact us to discuss our bespoke review options.

Consulting

Juniper is available to provide consulting services in many areas of running a multi academy trust, from centralisation implementation and restructuring to expansion and attracting schools. Please contact us if you would like more information on our consulting work.

Non-Financial Reviews Offered

PE & Sports Premium Review

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Schools must use PE and sport premium funding to make additional and sustainable improvements to the quality of the PE, physical activity, and sport they provide. Our review will look at whether the funding is being used effectively to develop and add to your provision and examine your own evaluation of the impact using the 5 key indicators set out in the DfE guidance.

Pupil & Recovery Premium Review

Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils. Pupil and recovery premium grants provide funding for schools to provide extra support for these pupils. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the school’s approach to the use of the premiums, but also identifying what can be improved.

Safeguarding Internal Scrutiny Review

Keeping pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A safeguarding internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Internal Scrutiny Review

Children and young people with special educational needs and disabilities should achieve well in their early years, at school and in college, and lead happy and fulfilled lives. Supporting SEND pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A SEND internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Ofsted Audit

Though Ofsted doesn’t give separate grades for a school’s SEND provision, the evidence gathered is used to inform other judgements. Therefore, schools may find it useful to consider their provision in the same way as an inspection might.

We are pleased to offer an audit focussing on Ofsted criteria, in particular the requirements of paragraphs 360 to 364 of the inspection handbook.

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Sustainability Internal Scrutiny Review

Children and young people should have an understanding of the effects that human use of the world's resources has on them as individuals (including health, wellbeing, and financial wellbeing), the school community, their locality and the world. Our review team will take on the role of 'critical friend', highlighting areas of strength around the sustainability agenda, but also identifying what can be improved.

Teaching & Learning Review

Children and young people's education through the pandemic has suffered. Research is clear that some groups of pupils have fallen further behind than others. A key responsibility of schools is the need to prioritise the teaching of missed content so that pupils will be able to make sense of later work in the curriculum. This includes key knowledge, skills, vocabulary, concepts, and the links between concepts. Our review team will take on the role of 'critical friend', highlighting areas of strength around the school's approach to teaching for education, but also identifying what can be improved.

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